



Marple & Marple, Inc., P.S.  
CERTIFIED PUBLIC ACCOUNTANTS

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December 1, 2008

Mr. Jim Ward  
Washington Utilities and  
Transportation Commission  
PO Box 47250  
Olympia, WA 98504-7250

Re: Southgate Water Systems, Inc.

Thank you for the information in your letter of November 26, 2008. Attached is a schedule computing gross revenue based on the proposed rates.

Also attached is a projected income statement removing the unusual repair item.

These projections have been based on 2007 water usage, costs, and expenses.

After the new rates, the projections indicate there would still be a net loss of \$6,805 (after depreciation of \$22,481).

The costs and expenses do not include any salary for Mr. Manuel or any return on his investment.

We have the master reading water usage by customer in Excel. Teresa, from our office, will send this to you in the event it would be helpful to you.

The repair of \$20,722 was due to an electrical surge that damaged the well equipment. This was the cost to restore it to operating condition. The Benton County PUD claimed they were not liable for this damage caused by the electrical surge. Mr. Manuel then had a variable drive installed that is supposed to prevent this from happening in the future. This cost of \$23,771.85 was capitalized. A copy of this invoice is attached.

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Mr. Manuel believes the base charge of \$50 per month per customer is needed due to the cost of providing water to those customers that have small usage.

We appreciate your help with this. Please let me know if you need any additional information.

Very truly yours,

Robert E. Marple

REM/clg

Enclosure

Cc: Gerald Manuel  
Gary Hall